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June 7, 2005

BY OVERNIGHT DELIVERY AND E-FILE

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: Bay State Gas Company, D.T.E. 05-27

Dear Ms. Cottrell:

Enclosed for filing, on behalf of Bay State Gas Company ("Bay State"), please find Bay State's responses to the following information requests of the Department:

DTE-1-19	DTE-4-6	DTE-4-17	DTE-5-1	DTE-5-2	DTE-5-3
DTE-5-4	DTE-5-5	DTE-5-6	DTE-5-12	DTE-9-9	DTE-9-11

Please do not hesitate to telephone me with any questions whatsoever.

Very truly yours,

Patricia M. French

cc: Caroline O'Brien Bulger, Esq., Hearing Officer (1 copy)
A. John Sullivan, DTE (7 copies)
Andreas Thanos, Ass't Director, Gas Division
Alexander Cochis, Assistant Attorney General (4 copies)

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FIRST SET OF INFORMATION REQUESTS FROM THE D.T.E.
D. T. E. 05-27

Date: June 7, 2005

Responsible: Stephen H. Bryant, President
Bay State Gas Company

DTE 1-19 Refer to Exh. BSG/SHB-1, at 46. Please provide an account-by-account schedule of additions and retirements of Metscan meter reading equipment on an annual basis from the inception of the program to the end of the test year.

Response: Attachment DTE 01-19 is an account-by-account schedule of additions and retirements of Metscan meter reading equipment on an annual basis from the inception of the program to the end of the test year.

Bay State Gas Company
Account 397.2: Metscan Automated Meter Reading Equipment
1987 - 2004

	Additions	Retirements	Balance
1987	\$8,921.66	\$0.00	\$8,921.66
1988	7,218.71	0.00	16,140.37
1989	2,031.06	0.00	18,171.43
1990	806,586.12	0.00	824,757.55
1991	3,450,794.18	0.00	4,275,551.73
1992	3,714,229.59	0.00	7,989,781.32
1993	3,913,356.94	0.00	11,903,138.26
1994	4,888,745.61	0.00	16,791,883.87
1995	3,991,716.31	0.00	20,783,600.18
1996	6,779,857.32	0.00	27,563,457.50
1997	8,223,192.32	18,994,762.95	16,791,886.87
1998	2,658,238.68	824,757.55	18,625,368.00
1999	2,831,984.32	250,141.60	21,207,210.72
2000	273,149.65	6,914,882.17	14,565,478.20
2001	33,537.29	0.00	14,599,015.49
2002	0.00	0.00	14,599,015.49
2003	69,662.29	182,394.81	14,486,282.97 **
2004	<u>60,882.65</u>	<u>8,636,134.69</u>	5,911,030.93
	\$41,714,104.70	\$35,803,073.77	

** - Book balance of \$15,066,431 was adjusted between accounts 397.1, Communications Equipment and 397.2 Metscan equipment in 2004 business for \$580,148.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FOURTH SET OF INFORMATION REQUESTS FROM THE D.T.E.
D. T. E. 05-27

Date: June 7, 2005

Responsible: Lawrence R. Kaufmann, Consultant (PBR)

DTE-4-6 Refer to Exh.BSG/LRK-2, at 5. The Company states that guided by economic theory, it developed a mathematical model in which the O&M cost of distribution is a function of some of the business conditions. Please discuss how, if any, the results (major conclusions) of the econometric study would change by estimating a different system of equations based on the average cost function (total costs/number of customers) instead of the total cost function.

Response: "Average" cost functions are rarely estimated in cost function research. One reason is that gas distributors are multiple product firms. "Average" cost figures that are calculated relative to a single output such as customer numbers are therefore incomplete and potentially misleading measures of "average" cost. In addition, gas distribution and other utility services are characterized by economies of scale. When economies of scale are realized, "average" costs decline as output expands. Thus any average cost function would have to include the output on both the left-hand and right-hand side of the equation. For these reasons, it is more straightforward to specify cost as a function of all the outputs provided rather than cost, divided by a single output, as a function of all outputs.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FOURTH SET OF INFORMATION REQUESTS FROM THE D.T.E.
D. T. E. 05-27

Date: June 7, 2005

Responsible: Lawrence R. Kaufmann

DTE-4-17 Referring to the econometric cost model, please:

- (a) indicate the computer software used to estimate the regressions;
- (b) indicate the level of statistical significance of the estimates selected by the Company to determine whether an independent variable has explanatory power;
- (c) state the underlying assumptions of the approach (Feasible Generalized Least Squares) used by the Company to estimate the system of equations, and explain how the Company tested these assumptions to ensure that none of them are violated. Please, provide evidence to support your answer;
- (d) specify which tests were performed in the econometric analysis to detect multicollinearity in the data, to detect serial autocorrelation and heteroskedasticity. Please provide evidence in support of your answer;
- (e) indicate under which assumptions the estimates of the coefficients could be considered "unbiased". Are those assumption fulfilled?

Response:

- a) We use GAUSS for our regression work.
- b) We use the 5% significance level to determine whether an independent variable has explanatory power. This requirement applies to all parameter estimates for first order terms.
- c) We estimate a system of equations based on the cost function and the related share equations. In such a system, it is usually assumed that there is correlation in the error terms across equations. The Feasible Generalized Least Squares (FGLS) estimator estimates parameters of the system based on the assumption that the disturbances across equations are contemporaneously correlated. Although it is possible to test the presence of contemporaneous correlation formally, if such correlation is not in fact present, the FGLS estimator produces coefficient estimates that are consistent with no contemporaneous correlation in error terms. We therefore do not test for cross-equation correlation.
- d) Multicollinearity refers to correlation among the explanatory variables used in a regression. A high degree of multicollinearity means the explanatory variables are highly correlated. Multicollinearity tends to

raise the standard errors of estimates for correlated explanatory variables which, all else equal, reduces the statistical significance of those coefficients. In our model, all parameter estimates for first order terms are statistically significant at the 5% level, so statistical inference for these variables is not affected by multicollinearity. We therefore do not "test" for multicollinearity.

Serial correlation refers to temporal correlation among error terms. This problem is common in time series data but can be expected to be much less prominent in our panel data set. As discussed in our response to part c), our FGLS procedure also corrects for correlation in error terms across the estimated system of equations. We therefore do not test for serial correlation.

Heteroskedasticity refers to error term (or residual) variances that are not constant across sample observations. In a cost study, this will typically be because there is greater variance in residuals for larger sample firms or, more generally, that the variance of residuals is positively related to the size of the firm. We correct for this problem through a group-wise heteroskedasticity correction, where each "group" refers to the time series observations for an individual sample firm. Our heteroskedasticity correction procedure effectively transforms sample data by weighting each data point by the *inverse* of the associated group's standard error of the residual; this standard error is equal to the square root of that group's residual variance.

- e) Our coefficient estimates are unbiased even if we had not corrected for groupwise heteroskedasticity. The estimates will also be unbiased even if serial correlation and multicollinearity are present.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FIFTH SET OF INFORMATION REQUESTS FROM THE D.T.E.
D. T. E. 05-27

Date: June 7, 2005

Responsible: Stephen H. Bryant, President

DTE-5-1 Refer to Exh. BSG/SHB-1, at 19, ln. 17-19. Please provide complete and detailed documentation that supports the Company's claim that, "the cost to secure these services from [NiSource Corporate Services Company ["NCSC"]] is less than the cost that Bay State would incur if it secured these various services separately from the competitive marketplace."

Response: Attachment DTE-5-1 is a study prepared for Bay State by Baryenbruch & Company ("Baryenbruch Study") that was undertaken to determine if the services provided to Bay State by NCSC are at a lower cost than Bay State could secure on its own from the competitive marketplace. The Baryenbruch Study concluded that, if the services that are provided by NCSC had been outsourced BY Bay State for 2004, Bay State would have incurred significantly higher test year costs for these services.

Bay State Gas Company
2004 Affiliate Company Charges Market Cost Comparison

Bay State Gas Company 2004 Affiliate Company Charges Market Cost Comparison

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I – Executive Summary

Purpose Of This Study

This study was undertaken to determine if the services provided to Bay State Gas Company (“BSG”) by affiliate companies during 2004 were performed at the lower of cost or market. NiSource Corporate Services Company (“NCSC”) provides BSG with management, professional and technical services. The cost of these services were compiled and compared to the cost of outside providers of these similar services. Outside providers against which NCSC costs were benchmarked included attorneys, certified public accountants, professional engineers and management consultants.

Study Conclusion

Outside service providers (i.e., market) were found to be 107% more expensive than NCSC. If the services provided by NCSC during 2004 had been outsourced to outside providers, BSG would have incurred an additional \$26.8 million in expenses. This study subjected 84% of the applicable 2004 NCSC charges to a market cost comparison.

Based on this study’s results, it is possible to conclude that BSG’s 2004 affiliate company charges are priced at the lower of cost or market.

II - Background

Overview Of BSG Affiliate Company Services

NCSC provides the following types of services to NiSource operating companies, including BSG:

- Accounting
- Payroll
- Auditing
- Employee benefits
- Planning
- Risk management
- Tax
- Legal
- Environmental
- Financial
- Information technology
- Telecommunications
- General advisory services.

NCSC Billing of Affiliate Companies

NCSC is regulated by the SEC under the Public Utility Holding Company Act of 1935 ("PUCHA") and therefore follows the SEC Uniform System of Accounts for Mutual Service Companies and Subsidiary Service Companies. As required by the SEC, NCSC uses a job order system to identify and collect costs that apply to and are appropriately billed to affiliated companies. Each job order details the affiliate(s) to be charged for the specified services and the basis for allocating charges when more than one affiliate receives the same service. Allocations among affiliates are made only if it is impractical to charge an affiliate directly.

NCSC is obligated to bill affiliates at cost in accordance with SEC Rules 90 and 91 under PUHCA. The service agreement between BSG and NCSC stipulates that all services will be provided at cost.

Two types of bills are issued to affiliates: contract billing and convenience billing. Contract billing, which is identified by job order, represents the labor and expenses billed to an affiliate. These are costs incurred by NCSC to render services at the affiliate's request. Contract charges may be direct or allocated depending on the nature of the expense.

Convenience billings are rendered when NCSC makes payment to one vendor for goods or services that benefit more than one affiliate. The convenience bill generally represent outside services that are routinely performed on behalf of

affiliates on an ongoing basis, for which each affiliate is billed their proportional share.

A 2004 service agreement is the document that controls the relationship between NCSC and BSG.

Charges From Affiliates

BSG's charges from affiliates were analyzed to determine which were service-related and could be subjected to a market cost comparison. During 2004, two affiliates charged BSG. As shown in the table below, NiSource Inc. billed BSG approximately \$10.5 million for interest on long and short term loans extended to BSG. These charges are capital-related and not service-related, thus were excluded from this market cost comparison. The second affiliate, NCSC, charged BSG for convenience billings (\$17.3 million) and payroll funding (\$36.3 million), both of which are simply a pass-through of expenses and not associated with the provision of service.

	2004 Charges To BSG	Market Cost Testing Disposition		
		Involves A Service?	Market Data Available?	Included In This Study?
NiSource Inc.				
Interest on Long Term Debt	\$ 6,918,159	No	na	No
Interest on Short Term Debt	\$ 3,617,850	No	na	No
NiSource Corporate Services Company				
Convenience Billing	\$ 17,273,372	No	na	No
Payroll Funding	\$ 36,304,152	No	na	No
Contract Billings for Corporate Services	\$ 24,941,606	Yes	Yes	Yes
Total 2004 Affiliate Company Billings	\$ 89,055,138			

NCSC's contract billings for corporate services (\$24.9 million in 2004) are for management, professional and technical services rendered by NSCS personnel. Market cost information is available for potential outside providers of these services to BSG. Thus, it is possible to compare NCSC's cost of services to those of outside providers. This study converts NCSC's 2004 corporate services charges to per hour costs and compares those to the costs per hour charged by outside providers.

III – NiSource Corporate Services Company Market Cost Comparison

Comparison Methodology

NCSC's 2004 corporate services-related billings to BSG are market tested by comparing the cost per hour for NCSC services to those of outside service providers to whom these duties could be assigned.

The first step was to determine which types of outside providers could assume Service Company services. Based on the nature of these services it was determined that the following outside service providers could perform the categories of services indicated.

- Attorneys - corporate secretarial and legal services
- Certified Public Accountants - accounting, finance, information systems and rates and regulatory
- Professional Engineers – engineering and operations services
- Management Consultants - executive and administrative management, risk management services, human resources and communications services

The next step was to calculate NCSC's hourly rate for each of the four outside service provider categories, based on the dollars and hours charged to BSG during the 12-months ended December 31, 2004.

Hourly billing rates for outside service providers were next determined using information from pertinent surveys.

Finally, the NCSC's average cost per hour was compared to the average cost per hour for outside providers.

NCSC Hourly Rates

The first step in determining NCSC's hourly rates is to determine the appropriate expenses to be included in the calculation. As shown below, certain NCSC charges were excluded from the hourly rate calculations. Excluded cost elements are charges that are, in effect, already outsourced (outside services) or items that an outside provider would not typically recover in their hourly rates (travel expenses). Two departments were excluded from the market test. The Retail Services Business Center (9650) provides call center services, which are not generally performed by any of the four professional service providers included in this study. Capital Labor (9999) charged BSG a relatively small amount and was not market tested because it too is not a service performed by one of the four outside providers.

2004 Total Contract Billings from NCSC	\$ 24,941,606
Less: Excludable Cost Elements	
3100 - Outside Consulting	\$ (1,503,901)
3200 - Outside Other	\$ (983,004)
3300 - Outside Legal	\$ (656,867)
3400 - Outside Audit	\$ (12,059)
5032/5069 - Travel Expenses	\$ (522,824)
9894 - Income Taxes	\$ 83,907
9895 - Deferred Income Taxes	\$ 6,919
Less: Excludable Departments:	
9650 - Retail Services Business Center	\$ (437,406)
9999 - Capital Labor	\$ 38,602
2004 Testable Contract Billings from NCSC (A)	<u>\$ 20,954,972</u>
Percent of Total Subject To Market Cost Comparison	84%

Note A: This total breaks down as following for later analysis:

Service-Related Charges	\$ 19,055,647
Overhead-Related Charges	\$ 1,899,325
2004 Testable Contract Billings from NCSC	<u>\$ 20,954,972</u>

The next step was to assign NCSC's service-related charges to the four outside service provider cost pools—attorney, certified public accountant, engineer and management consultant. Among other things, NCSC assigns a "department" to all affiliate charges. Based on the nature of services performed by these departments, NCSC's charges were assigned to the four outside provider cost pools, as shown in Exhibit 1.

Exhibit 2 shows the assignment of staff hours by department to the four outside service provider cost pools. It should be noted that only exempt personnel hours are included in Exhibit 2 because outside providers sometimes do not charge clients for administrative/secretarial support (i.e., non-exempt staff). Instead, they recover the cost of non-exempt staff through the hourly rates of the firm's professionals. Some outside providers bill customers for non-exempt personnel, but this study chose to be conservative in this regard. By excluding non-exempt hours from the hourly rate denominator, there are fewer hours to divide into the cost pool. Consequently, NCSC's hourly rates are somewhat higher using this approach.

Exhibit 1
Page 1 of 2

Bay State Gas Company
Outside Provider Cost Pools For 2004 NCSC Contract Billings Charges

Department	Outside Provider				Total
	Attorney	Certified Public Accountant	Professional Engineer	Mgmt Consultant	
0200 - Payroll Services		\$ 373,098			\$ 373,098
0600 - Consolidated Financial Reporting		\$ 222,250			\$ 222,250
0700 - Insurance				\$ 43,047	\$ 43,047
0800 - Legal	\$ 610,932				\$ 610,932
0900 - Finance and Strategy		\$ 811,869			\$ 811,869
1000 - Consolidated Taxes		\$ 237,472			\$ 237,472
1200 - NIE Financial Planning		\$ 362			\$ 362
1300 - Regulated Revenue Management				\$ 101,910	\$ 101,910
1400 - Credit Risk Management				\$ 34,983	\$ 34,983
1500 - Environmental, Health & Safety			\$ 339,491		\$ 339,491
1600 - Audit		\$ 322,446			\$ 322,446
1800 - Corporate Secretary	\$ 26,460				\$ 26,460
1900 - Gas Supply			\$ 2,108,050		\$ 2,108,050
2000 - Nominations			\$ 21		\$ 21
2100 - ESS Administration			\$ 997		\$ 997
2300 - Corporate Communications				\$ 219,999	\$ 219,999
2700 - Corporate Human Resources				\$ 123,785	\$ 123,785
2800 - Employee Information Services		\$ 180,352			\$ 180,352
2810 - OD/HRIS Exec / Organization Dev				\$ 72,957	\$ 72,957
2900 - Total rewards		\$ 165,480			\$ 165,480
3010 - Call Center Administration				\$ 40,069	\$ 40,069
3020 - Performance Solutions		\$ 126,474			\$ 126,474
3030 - Performance Management		\$ 109,980			\$ 109,980
3060 - Market Research				\$ (30)	\$ (30)
3100 - Distribution Communications				\$ 210,167	\$ 210,167
3300 - External Affairs				\$ 803,908	\$ 803,908
3400 - NIE Finance		\$ 15,242			\$ 15,242
5000 - Infrastructure Design		\$ 167,757			\$ 167,757
5290 - Operations			\$ 209,395		\$ 209,395
5300 - Revenue Transactions				\$ 185,120	\$ 185,120
5310 - Technical Operations			\$ 571,489		\$ 571,489
5330 - RCT				\$ 84,041	\$ 84,041
5340 - Logistics			\$ 40,652		\$ 40,652
5350 - ED Operations			\$ 331		\$ 331
5360 - COH Transfer			\$ 258,906		\$ 258,906
5400 - NIE Operations			\$ 1		\$ 1
5500 - Corporate Financial Planning		\$ 65,733			\$ 65,733
5700 - Governmental Affairs				\$ 26,333	\$ 26,333
5800 - Pipeline Accounting		\$ 3,809			\$ 3,809

Exhibit 1
Page 2 of 2

Bay State Gas Company
Outside Provider Cost Pools For 2004 NCSC Contract Billings Charges

Department	Outside Provider				Total
	Attorney	Certified Public Accountant	Professional Engineer	Mgmt Consultant	
5900 - Accounting		\$ 761,540			\$ 761,540
6100 - Transaction Services Accounting		\$ 90,434			\$ 90,434
6300 - Transaction Services Finance		\$ 28,435			\$ 28,435
6400 - Executive				\$ 366,271	\$ 366,271
6600 - Treasury		\$ 109,986			\$ 109,986
6700 - Accounts Payable		\$ 227,214			\$ 227,214
6800 - Corporate Development Operations				\$ 22,979	\$ 22,979
6900 - Indiana - Executive				\$ 864	\$ 864
7000 - Operations Strategy				\$ 34,058	\$ 34,058
7010 - CIO				\$ 173,460	\$ 173,460
7110 - Mainframe		\$ 1,321,335			\$ 1,321,335
7120 - Distributed Computing		\$ 250,897			\$ 250,897
7130 - Database Administration		\$ 171,516			\$ 171,516
7210 - Security and PMO		\$ 30,086			\$ 30,086
7220 - Security		\$ 55,799			\$ 55,799
7230 - PMO		\$ 73,096			\$ 73,096
7300 - Asset & Accounting Management		\$ 612,188			\$ 612,188
7410 - Corporate App Dev		\$ 44,490			\$ 44,490
7420 - ERP		\$ 110,569			\$ 110,569
7430 - Finance, Acct'g, & HR		\$ 289,603			\$ 289,603
7440 - Supply Chain / Decision Support		\$ 111,973			\$ 111,973
7510 - Technology & Infrastructure		\$ 129,534			\$ 129,534
7520 - Infrastructure Support - 2		\$ 600,063			\$ 600,063
7530 - Infrastructure Support		\$ 461,369			\$ 461,369
7610 - Help Desk		\$ 113,559			\$ 113,559
7620 - Enterprise Monitoring		\$ 179,446			\$ 179,446
7630 - Infrastructure Applications		\$ 242,735			\$ 242,735
7710 - Customer Care		\$ 126,202			\$ 126,202
7720 - On-line & Cash Management		\$ 384,298			\$ 384,298
7730 - Billing & CIS User Support		\$ 177,098			\$ 177,098
7740 - Contact Center Technologies		\$ 79,795			\$ 79,795
7810 - Work Mgt & Operations		\$ 79,728			\$ 79,728
7820 - End User Support		\$ 2,811			\$ 2,811
7830 - Work Management		\$ 195,919			\$ 195,919
7840 - Gas Management		\$ 345,036			\$ 345,036
7850 - Real Time		\$ 501,988			\$ 501,988
8000 - Regulatory		\$ 425,828			\$ 425,828
8300 - Investor Relations				\$ 49,816	\$ 49,816
8500 - New Business Processes				\$ 40,140	\$ 40,140
8600 - Strategic Procurement & Analysis			\$ 165,338		\$ 165,338
8700 - Materials & Supplies			\$ 199,556		\$ 199,556
8900 - Security				\$ 55,394	\$ 55,394
9100 - HR Support				\$ 526,349	\$ 526,349
9600 - Retail Services				\$ 171,514	\$ 171,514
Total	\$ 637,393	\$ 11,136,894	\$ 3,894,225	\$ 3,387,135	\$ 19,055,647

Exhibit 2
Page 1 of 2

Bay State Gas Company
Outside Provider Hour Pools For 2004 NCSC Contract Billings Charges

Department	Outside Provider				Total
	Attorney	Certified Public Accountant	Professional Engineer	Mgmt Consultant	
0200 - Payroll Services		11,841			11,841
0600 - Consolidated Financial Reporting		4,443			4,443
0700 - Insurance				870	870
0800 - Legal	9,963				9,963
0900 - Finance and Strategy		17,906			17,906
1000 - Consolidated Taxes		5,040			5,040
1200 - NIE Financial Planning		8			8
1300 - Regulated Revenue Management				690	690
1400 - Credit Risk Management				501	501
1500 - Environmental, Health & Safety			6,518		6,518
1600 - Audit		6,085			6,085
1800 - Corporate Secretary	434				434
1900 - Gas Supply			42,591		42,591
2000 - Nominations			-		-
2100 - ESS Administration			-		-
2300 - Corporate Communications				5,303	5,303
2700 - Corporate Human Resources				1,083	1,083
2800 - Employee Information Services		4,278			4,278
2810 - OD/HRIS Exec / Organization Dev				1,328	1,328
2900 - Total rewards		3,494			3,494
3010 - Call Center Administration				401	401
3020 - Performance Solutions		3,869			3,869
3030 - Performance Management		3,428			3,428
3060 - Market Research				-	-
3100 - Distribution Communications				2,906	2,906
3300 - External Affairs				13,345	13,345
3400 - NIE Finance		261			261
5000 - Infrastructure Design		2,104			2,104
5290 - Operations			3,423		3,423
5300 - Revenue Transactions				3,819	3,819
5310 - Technical Operations			11,517		11,517
5330 - RCT				1,541	1,541
5340 - Logistics			783		783
5350 - ED Operations			-		-
5360 - COH Transfer			3,100		3,100
5400 - NIE Operations			-		-
5500 - Corporate Financial Planning		1,082			1,082
5700 - Governmental Affairs				275	275
5800 - Pipeline Accounting		106			106

Exhibit 2
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Bay State Gas Company
Outside Provider Hour Pools For 2004 NCSC Contract Billings Charges

Department	Outside Provider				Total
	Attorney	Certified Public Accountant	Professional Engineer	Mgmt Consultant	
5900 - Accounting		21,400			21,400
6100 - Transaction Services Accounting		2,620			2,620
6300 - Transaction Services Finance		676			676
6400 - Executive				1,583	1,583
6600 - Treasury		1,897			1,897
6700 - Accounts Payable		8,475			8,475
6800 - Corporate Development Operations				344	344
6900 - Indiana - Executive				-	-
7000 - Operations Strategy				555	555
7010 - CIO				1,842	1,842
7110 - Mainframe		5,457			5,457
7120 - Distributed Computing		6,032			6,032
7130 - Database Administration		2,677			2,677
7210 - Security and PMO		686			686
7220 - Security		971			971
7230 - PMO		1,868			1,868
7300 - Asset & Accounting Management		2,364			2,364
7410 - Corporate App Dev		853			853
7420 - ERP		1,895			1,895
7430 - Finance, Acct'g, & HR		4,416			4,416
7440 - Supply Chain / Decision Support		1,817			1,817
7510 - Technology & Infrastructure		1,684			1,684
7520 - Infrastructure Support - 2		14,237			14,237
7530 - Infrastructure Support		12,040			12,040
7610 - Help Desk		3,670			3,670
7620 - Enterprise Monitoring		5,019			5,019
7630 - Infrastructure Applications		3,627			3,627
7710 - Customer Care		917			917
7720 - On-line & Cash Management		9,387			9,387
7730 - Billing & CIS User Support		4,289			4,289
7740 - Contact Center Technologies		1,838			1,838
7810 - Work Mgt & Operations		1,591			1,591
7820 - End User Support		69			69
7830 - Work Management		4,551			4,551
7840 - Gas Management		8,310			8,310
7850 - Real Time		12,852			12,852
8000 - Regulatory		9,767			9,767
8300 - Investor Relations				634	634
8500 - New Business Processes				544	544
8600 - Strategic Procurement & Analysis			2,803		2,803
8700 - Materials & Supplies			4,863		4,863
8900 - Security				922	922
9100 - HR Support				9,428	9,428
9600 - Retail Services				2,866	2,866
Total	10,397	221,896	75,598	50,780	358,671

Within the total 2004 NCSC charges are overhead-related items associated with sustaining NCSC personnel. Most of these expenses are depreciation and rent on various NCSC facilities and equipment. The 2004 amounts by department are shown below. Since these expenses would also be incurred by outside service providers, it is necessary to add them into the NCSC cost pools.

Department	2004 Charges
0500 - Aviation Services	150,445
0710 - Insurance - Premiums	140,411
4200 - General	407,037
4700 - Facilities Management	522,720
4900 - Real Estate Management	41,580
5120 - Corporate Telecom	205,211
8700 - Materials & Services	113,672
8800 - Fleet Management	318,249
Total	1,899,325

Based on the assignment of expenses and hours to outside provider categories, NCSC's 2004 equivalent cost per hour is calculated below.

NCSC Hourly Rates					
	Attorney	Certified Public Acctnt	Professional Engineer	Mgmt Consultant	Total
Service-Related Charges	\$ 637,393	\$ 11,136,894	\$ 3,894,225	\$ 3,387,136	\$ 19,055,647
Overhead Expenses (A)	\$ 63,531	\$ 1,110,042	\$ 388,147	\$ 337,604	\$ 1,899,325
Cost Pool Total	\$ 700,923	\$ 12,246,936	\$ 4,282,372	\$ 3,724,741	\$ 20,954,972
Hours	10,397	221,896	75,598	50,780	358,671
Average Hourly Rate	\$ 67	\$ 55	\$ 57	\$ 73	

Note A: These expenses are assigned to the outside provider categories prorata based on the "direct" expenses as calculated below.

	Attorney	Certified Public Acctnt	Professional Engineer	Mgmt Consultant	Total
Service-Related Charges	\$ 637,393	\$ 11,136,894	\$ 3,894,225	\$ 3,387,136	\$ 19,055,647
Percent of Cost Pool Total	3.3%	58.4%	20.4%	17.8%	100.0%
Allocation Of Overhead Expenses	\$ 63,531	\$ 1,110,042	\$ 388,147	\$ 337,604	\$ 1,899,325

Outside Service Provider Hourly Rates

The next step in the cost comparison was to calculate the average billing rates for each type of outside service provider. The source of this information and the determination of the average rates are described in the paragraphs that follow.

Attorneys

The cost per hour for attorneys was developed from an annual survey conducted by the Massachusetts Lawyers Weekly of larger law firms in Massachusetts. These are the firms that BSG would look to in lieu of support from NCSC attorneys. The survey includes rates that were in effect at December 31, 2003. The 2003 average rate was escalated to June 30, 2004—the year's midpoint. The law firms that provided their rates are listed in Exhibit 3 where an average hourly rate is calculated.

Certified Public Accountants

The average hourly rate for Massachusetts certified public accountants was developed from a 2004 survey performed by the American Institute of Certified Public Accountants (AICPA). Hourly rates in the AICPA survey are the average of firms in Massachusetts.

The average hourly rate was calculated for a set of typical accountant positions, as shown in Exhibit 4. Using an assumed percent of time on a typical assignment, a weighted average hourly rate was then calculated. This survey covered hourly rates in effect during 2003, thus they had to be escalated to June 30, 2004—the year's midpoint.

Professional Engineers

BSG provided hourly rate information for several engineering firms that are periodically used by the company when outside engineering services are required. As shown in Exhibit 5, an average rate was developed for each engineering position. Then, using a typical percentage mix by position for a typical engineering project, a weighted average cost per hour was calculated.

Management Consultants

The cost per hour for management consultants was developed from the 2004 annual survey performed by the Association of Management Consulting Firms—an industry trade organization. The first step in the calculation, presented in Exhibit 6, was to determine an average rate by consultant position level. From these rates, a single weighted average hourly rate was calculated based upon the percent of time that is typically applied to a consulting assignment by each consultant position level. This survey includes rates that were in effect during 2003 for firms in the United States. Consultants typically do not limit their practice to any one region and must travel to a client's location. Thus, the U.S. national average is appropriate for comparison. The 2003 average rate was escalated to June 30, 2004—the year's midpoint.

Exhibit 3

Bay State Gas Company
2004 Billing Rates Of Massachusetts Attorneys

Billing rates as of December 31, 2003 (Note A)							
Firm	Mass. Location	Number Of Mass. Lawyers	Billing Rate Range				
			Associate		Partner		Avg
			Low	High	Low	High	
Nixon Peabody	Boston	156	\$ 200	\$ 410	\$ 370	\$ 560	\$ 385
Holland & Knight	Boston	127	\$ 215	\$ 375	\$ 325	\$ 565	\$ 370
Sullivan Worcester	Boston	116	\$ 210	\$ 450	\$ 360	\$ 595	\$ 404
Edwards & Angell	Boston	90	\$ 185	\$ 390	\$ 325	\$ 600	\$ 375
Fish & Richardson	Boston	85	\$ 220	\$ 385	\$ 385	\$ 640	\$ 408
Burns & Levinson	Boston	84	\$ 150	\$ 260	\$ 275	\$ 450	\$ 284
Hinckley, Allen & Snyder	Boston	53	\$ 160	\$ 265	\$ 260	\$ 475	\$ 290
Prince, Lobel, Glovsky & Tye	Boston	50	\$ 185	\$ 300	\$ 325	\$ 425	\$ 309
Murtha Cullina	Boston	39	\$ 135	\$ 405	\$ 275	\$ 450	\$ 316
Piper Rudnick	Boston	35	\$ 215	\$ 370	\$ 400	\$ 580	\$ 391
Bromberg & Sunstein	Boston	33	\$ 210	\$ 360	\$ 375	\$ 595	\$ 385
Lawson & Weitzen	Boston	30	\$ 125	\$ 225	\$ 200	\$ 350	\$ 225
Eckert, Seamans, Cherin & Mellott	Boston	24	\$190		\$450		\$ 320
LeBoeuf, Lamb, Greene & MacRae	Boston	23	\$ 235	\$ 385	\$ 410	\$ 550	\$ 395
Cain, Hibbard, Myers & Cook	Pittsfield	22	\$ 125	\$ 200	\$ 230	\$ 325	\$ 220
Cushing & Dolan	Boston	22	\$210		\$295		\$ 253
Marcus, Errico, Emmer & Brooks	Braintree	21	\$ 170	\$ 230	\$ 260	\$ 325	\$ 246
Barron & Stadfeld	Boston	20	\$ 160	\$ 230	\$ 240	\$ 350	\$ 245
Overall Average							\$ 323
<u>Escalation to Mid-Point of Year - June 30, 2004 (Note B)</u>							
CPI at December 31, 2003							184.3
CPI at June 30, 2004							189.7
Inflation/Escalation							5.4
Billing Rate At June 30, 2004							\$ 341

Note A: source is Massachusetts Lawyers Weekly, April 26, 2004

Note B: source is US Bureau of Labor Statistics (<ftp://ftp.bls.gov/pub/special.requests/cpi/cpiat.txt>)

Exhibit 4

Bay State Gas Company
2004 Billing Rates Of Massachusetts Certified Public Accountants

A. Calculation of Average Hourly Billing Rate by Public Accounting Position
Survey billing rates were those in effect at December 31, 2003 (Note A)

Type of Firm	Average Hourly Billing Rate (Note A)			
	Staff Accountant	Senior Accountant	Manager	Partner
Larger Firms	\$ 78	\$ 107	\$ 139	\$ 224
Medium-Sized Firms	\$ 67	\$ 100	\$ 127	\$ 171
Average Hourly Rate	\$ 72	\$ 104	\$ 133	\$ 198

B. Calculation of Overall Average Accountant Billing Rate Based Upon Typical Distribution of Time on an Engagement

	Staff Accountant	Senior Accountant	Manager	Partner	
Average Hourly Billing Rate (From Above)	\$ 72	\$ 104	\$ 133	\$ 198	
Typical Percent of Time Spent on an Accounting Assignment	30%	30%	20%	20%	Weighted Average
	\$ 22	\$ 31	\$ 27	\$ 40	\$ 119

Escalation to Mid-Point of Year - June 30, 2004 (Note B)

CPI at December 31, 2003	184.3
CPI at June 30, 2004	189.7
Inflation/Escalation	5.4%
Estimated Average Hourly Billing Rate For CPAs At June 30, 2004	\$ 125

Note A: source is AICPA's 2004 National MAP Survey Report

Note B: source is US Bureau of Labor Statistics (<ftp://ftp.bls.gov/pub/special.requests/cpi/cpiat.txt>)

Exhibit 5

Bay State Gas Company
2004 Billing Rates Of Massachusetts Engineers

Note: Billing rates were those in effect in 2004

A. Calculation of Average Hourly Rate by Engineer Position

Name of Firm	Average Hourly Billing Rates			
	CAD Drafter Engineer Tech Inspector	Engineer Project Engineer Environ Scientist Sr. Inspector	Senior Engineer Project Manager	Consulting Engineer Principal Engineer
Coler and Colantonio	\$50 (\$45-\$55)	\$60 (\$55-\$65)	\$88 (\$80-\$95)	\$100
CHI Engineering	\$61 (\$50-\$70)	\$85 (\$80-\$90)	\$95	\$120 (\$100-\$140)
Northstar Industries	\$65	\$74	\$97 (\$90-\$100)	\$143
Shaw Environmental	\$57 (\$52-\$62)	\$87 (\$70-\$103)	\$114 (\$110-\$118)	\$137 (\$127-\$146)

B. Calculation of Overall Average Engineering Hourly Billing Rate

	CAD Drafter Engineer Tech Inspector	Engineer Project Engineer Environ Scientist Sr. Inspector	Senior Engineer Project Manager	Consulting Engineer Principal Engineer	Weighted Average
	Average Hourly Billing Rate (From Above)				
Average Hourly Billing Rate (From Above)	\$58	\$77	\$98	\$125	
Typical Percent of Time on an Engineering Assignment	30%	35%	25%	10%	
	\$17	\$27	\$25	\$12	\$81

Source: Information provided by Bay State Gas Company

Exhibit 6

Bay State Gas Company
2004 Billing Rates Of U.S. Management Consultants

A. Calculation of Average Hourly Billing Rate by Consultant Position

Survey billing rates were those in effect in 2003 (Note A)

Average	Average Hourly Rates (Note A)				
	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner
	\$ 143	\$ 164	\$ 216	\$ 263	\$ 318

B. Calculation of Overall Average Hourly Billing Rate Based on a Typical Distribution
of Time on an Engagement

	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner	
Average Hourly Billing Rate (from above)	\$ 143	\$ 164	\$ 216	\$ 263	\$ 318	
Typical Percent of Time Spent on a Consulting Project	30%	30%	20%	10%	10%	Weighted Average
	\$ 43	\$ 49	\$ 43	\$ 26	\$ 32	\$ 193

Escalation to June 30, 2003 (Note B)

CPI at December 31, 2003	184.3
CPI at June 30, 2004	189.7
Inflation/Escalation	5.4
Billing Rate At June 30, 2004	\$ 204

Note A: source: "Operating Ratios For Management Consulting Firms, 2004 Edition" Association of
Management Consulting Firms

Note B: source is US Bureau of Labor Statistics (<ftp://ftp.bls.gov/pub/special.requests/cpi/cpi.txt>)

NCSC Versus Outside Provider Cost Comparison

As shown in the table below, NCSC's costs per hour are considerably lower than those of outside providers.

Service Provider	2004 Cost/Hour		
	NCSC	Outside Providers	Difference-- NCSC Greater(Less) Than Outside
Attorney	\$ 67	\$ 341	\$ (274)
Certified Public Accountant	\$ 55	\$ 125	\$ (70)
Professional Engineer	\$ 57	\$ 81	\$ (24)
Management Consultant	\$ 73	\$ 204	\$ (131)

As calculated below, based on these cost per hour differentials and the number of hours that NCSC billed BSG during 2004, the services would cost over \$26,800,000 more from outside providers. This is 107% more (\$26,809,864 / \$24,941,606 = 107%) than NCSC's total 2004 contract billings to BSG.

Service Provider	2004 Cost Difference		
	Hourly Rate Difference-- NCSC Greater(Less) Than Outside	NCSC Hours Charged	Dollar Difference
Attorney	\$ (274)	10,397	\$ (2,844,328)
Certified Public Accountant	\$ (70)	221,896	\$ (15,490,116)
Professional Engineer	\$ (24)	75,598	\$ (1,841,055)
Management Consultant	\$ (131)	50,780	\$ (6,634,364)
Net NCSC Less Than Outside Providers			\$ (26,809,864)

COMMONWEALTH OF MASSACHUSETTS
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Date: June 7, 2005

Responsible: Stephen H. Bryant, President

DTE-5-2 Refer to Exh. BSG/SHB-1, at 19. Is the Company claiming that NCSC provides services to Bay State at a lower cost than Bay State would incur if it provided these services "in house"? If so, please provide complete and detailed documentation that supports this claim.

Response: Although the statements at p. 19 of Exh. BSG/SHB-1 do not specifically make the claim that NCSC provides services to Bay State at a lower cost than Bay State would incur if it provided these services "in house", it is logical that the strategy of sharing services will provide services at a lower cost and/or provide a greater level of expertise. For instance, under the NCSC arrangement for providing services to Bay State, management of the various services is shared, thus providing a more efficient and economical method for providing such services. The sharing of services also allows Bay State access to a greater expertise. For instance, the shared management of call centers across the NiSource distribution companies allows Bay State to benefit from experience gained at other call centers of NiSource distribution companies.

The O&M Cost Analysis for Bay State ("O&M Cost Analysis") that was performed by Pacific Economic Group (Exh. BSG/LRK-2) also supports the claim that NCSC provides services to Bay State at no higher cost than Bay State would incur if it provided the same services within Bay State. This O&M Cost Trend Analysis section demonstrates that O&M costs, of which NCSC costs represent a significant portion, have declined in the years during which NiSource integrated into NCSC many of the services that were previously provided within Bay State. It is reasonable to conclude from this that the utilization of the service company approach for providing certain services is cost effective and has resulted in costs that are, at a minimum, no higher than could have been achieved if these services had remained at Bay State.

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Date: June 7, 2005

Responsible: Stephen H. Bryant, President

DTE-5-3 Refer to Exh. BSG/SHB-1, at 20, line 8. Please provide a copy of
Securities and Exchange Commission Rules 90 and 91 referenced on this
page.

Response: Please see Attachment DTE-5-3.

United States Securities and Exchange Commission

RULES 90, 91

§250.90 Transactions limited to cost.

(a) Except as permitted by this section, or any other applicable rule, regulation, or order of the Commission:

(1) No registered holding company shall perform any service or construction for, or sell any goods to, any associate company thereof which is a public utility company, a mutual service company, or a company engaged in the business of performing service or construction for, or selling goods to, associate public utility companies, or enter into any contract to do so, and

(2) No subsidiary company of a registered holding company (including a mutual service company) shall perform any service or construction for, or sell any goods to, any associate company thereof, or enter into any contract to do so, at more than cost as determined pursuant to §250.91 or any other applicable rule, regulation, or order of the Commission, or in the absence thereof, in accordance with sound methods of determining cost. In the case of a sale of used goods the price shall be not more than cost less depreciation. Any charges on a basis of estimated cost shall be readjusted to actual cost at least annually, if for services or goods, and upon completion of individual projects, in case of construction.

(b) In the case of construction for an associate company of a specific project, building, or unit on which substantial expenses were incurred before August 26, 1935, pursuant to a contract made before that date, the holding company or subsidiary performing the construction shall be entitled to the proportion of its profit or fee earned prior to April 1, 1936.

(c) If a sale of goods is merely incidental to a sale of an entire business or a substantial portion thereof, or to a sale of assets other than goods, a lump sum price for the entire transaction may include such goods without the assignment of a specific portion of the price to the cost of such goods.

(d) The price of services, construction, or goods need not be limited to cost although the transaction comes within the terms of paragraph (a) of this section if:

(1) Neither the company performing the services or construction, or selling the goods, nor the associate company receiving such services or construction, or buying such goods, is (i) a public utility or holding company, (ii) an investment company or investment trust, including any company or trust which is a medium of investment in securities for the benefit of a registered holding company or its employees or officers, or (iii) a company engaged in the business of selling goods to associate companies or performing services or construction, or (iv) a company controlling, directly or indirectly, any company specified in paragraph (d)(1) (i), (ii), or (iii) of this section; or

(2) Such transaction consists of a sale of goods produced by the seller.

§250.91 Determination of cost.

(a) Subject to the provisions of this section and of any other applicable rule, regulation, or order of the Commission, a transaction shall be deemed to be performed at not more than cost if the price (taking into account all charges) does not exceed a fair and equitable allocation of expenses (including the price paid for goods) plus reasonable compensation for necessary capital procured through the issuance of capital stock (or similar securities of an unincorporated company).

(b) Direct charges shall be made so far as costs can be identified and related to the particular transactions involved without excessive effort or expense. Other elements of cost, including taxes, interest, other overhead, and compensation for the use of capital procured by the issuance of capital stock (or similar securities of an unincorporated company) shall be fairly and equitably allocated. Interest on borrowed capital and compensation for the use of capital shall represent a reasonable return on only the amount of capital reasonably necessary for the performance of services or construction for, or the selling of goods to, customers for whom transactions are required by the rules of the Commission to be performed at cost. Such amount shall not include the cost of assignment of, or any capitalization of, any service, sales, or construction contract.

(c) Any expense (including the price paid for goods) incurred in a transaction with an associate company of the performing or selling company (directly or through one or more other associate companies thereof), to the extent that it exceeds the cost of such transaction to such associate company, shall not be included in determining cost to such performing or selling company.

(d) Any expense (including the price paid for goods) incurred in a transaction with a person other than an associate company but not at arm's-length, to the extent that it exceeds the expense at which the performing or selling company might reasonably be expected to obtain elsewhere, or to furnish itself, comparable performance, goods, capital, or other items of expense involved (giving due regard to quality, quantity, regularity of supply, and other factors entering into the calculation of a fair price), shall not be included in determining cost to such performing or selling company.

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Date: June 7, 2005

Responsible: Stephen H. Bryant, President

DTE-5-4 Refer to Exh. BSG/SHB-1, at 20, In. 11-18. Were there individuals on the payroll at Bay State prior to the 1998 acquisition of Bay State by NIPSCO Industries that performed any of the functions listed in this passage? If so, please indicate if it was determined that these individuals were not performing these tasks on a cost-effective basis. If so, how was such a determination made?

Response: There were individuals on the payroll at Bay State prior to the 1998 acquisition of Bay State by NIPSCO Industries that performed the functions listed. Cost effectiveness is a relative term. Prior to 1998, utilizing NCSC was not an available option for providing these services.

As discussed in the Company's response to DTE-5-2, there is ample evidence that these services are now performed by NCSC in a manner that is at least as cost effective as when these services were performed by Bay State.

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Date: June 7, 2005

Responsible: Stephen H. Bryant, President

DTE-5-5 Refer to Exh. BSG/SHB-1, at 20, line 22. Please indicate in which cases Bay State is not able to choose from whom it receives these types of services if it decides those services should not be provided by NCSC.

Response: There are certain functions that are currently performed by NCSC that would be difficult or impractical for Bay State to seek services from a source other than NCSC. For instance, it would be impractical for Bay State to seek separate services for some components of internal tax and accounting services, as these activities must be performed on NiSource consolidated basis. Otherwise, Bay State is free to seek services from sources other than NCSC.

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Date: June 6, 2005

Responsible: Stephen H. Bryant, President

DTE-5-6 Refer to Exh. BSG/SHB-4. What is the term of the Operational Service Agreement between Bay State and Northern Utilities, Inc.?

Response: The Agreement has an indefinite term, with either party having the right to terminate the Agreement upon no less than thirty (30) days' written notice to the other party.

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Date: June 7, 2005

Responsible: Stephen H. Bryant, President

DTE-5-12 Refer to Exh. BSG/JES-1, Workpaper JES-8 at 1 and the Company's response to DTE 1-20. Please provide a copy of Lease 31946-00018, Lease 31946-00022 and Lease 31946-00016.

Response: Please see Bay State's response to DTE 1-20 for copies of Lease 31946-00018 (Attachment DTE 1-20 (b)), Lease 31946-00022 (Attachment DTE 1-20 (c)) and Lease 31946-00016 (attachment DTE 1-20 (a)). Also included with the Company's response to DTE 1-20 is a copy of the master lease agreement (DTE 1-20 (D)).

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RESPONSE OF BAY STATE GAS COMPANY TO THE
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Date: June 7, 2005

Responsible: John E. Skirtich, Consultant (Revenue Requirements)

DTE-9-9 Refer to Exh. BSG/JES-1, Workpaper JES-6, at 23. Please describe and list the components of the Miscellaneous Service Revenue item listed on line 1 and cross-reference or explain how the indicated amounts for years 2002 through 2004 were determined.

Response: Table DTE-9-9 below shows by account the Miscellaneous Service Revenue generated during the 2002 – 2004 period by Bay State. The revenue is grouped by the three categories: Guardian Care, Water Heater Revenue and Customer Service Revenue.

Table DTE-9-9

<u>Acct. No.</u>	<u>Description</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
		\$	\$	\$
<u>Guardian Care Revenue</u>				
882-17	Gas Line Protection	54,493	83,041	106,773
882-18	Com Plans	8,844	11,082	11,743
882-19	Late Payment Charge	57,330	64,382	69,083
882-23	Basic - HH	513,057	423,001	354,511
882.-24	Basic - WH/HH	467,119	376,081	303,361
882-25	Plus HH	1,442,217	1,819,416	2,132,241
882-26	Plus WH/HH	1,680,781	2,129,347	2,468,772
882-27	Open Plans	<u>123,284</u>	<u>143,144</u>	<u>167,351</u>
Total Guardian Care Revenue		4,347,124	5,049,493	5,613,834
<u>Water Heater Revenue</u>				
488-01	Rental Revenue - WH	4,804,304	4,859,903	4,859,235
488-03	Rental Revenue - HH	2,075,287	1,964,846	1,725,262
488-05	Rental Revenue - Late Payment CH-CB & Other	265,967	263,068	239,957
488-09	Liquefaction Service	<u>(135)</u>	<u>0</u>	<u>0</u>
Total Water Heater Revenue		7,145,423	7,087,817	6,824,455

Table DTE-9-9 (Cont'd)

<u>Acct. No.</u>	<u>Description</u>	<u>2002</u> \$	<u>2003</u> \$	<u>2004</u> \$
<u>Customer Service Revenue</u>				
882-01	Labor	95,217	57,618	60,456
882-02	Parts Tx	20,367	25,495	42,971
882-03	Parts NT	(8,035)	(5,100)	(15,003)
882-29	Annual Inspections	674,977	395,000	694,666
882-30	A/C Annual Inspections - Labor	98,138	77,520	147,547
882-31	Water Heater Labor	134,691	78,106	75,437
882-32	Dry Labor	315	190	285
882-33	HH Labor	1,360,798	890,884	738,796
882-34	Other Labor	42,936	32,393	27,431
882-39	Inspection Parts	21,121	5,007	16,191
882-40	A/C Inspection Parts	1,467	878	4,963
882-41	WH Part Tx	25,121	14,914	13,821
882-42	Dry Part Tx	75	0	230
882-43	HH Part Tx	479,520	346,403	275,245
882-44	Other Part Tx	18,906	19,829	11,133
882-51	WH Part NT	(2,430)	(2,161)	(559)
882-53	HH Part NT	(30,290)	(33,349)	(16,777)
882-54	Other Part NT	1,179	(2,152)	269
Total Customer Service Revenue		2,934,072	1,901,474	2,077,102
Total Miscellaneous Service Revenue		14,426,620	14,038,784	14,515,392

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Date: June 7, 2005

Responsible: John E. Skirtich, Consultant (Revenue Requirements)

DTE-9-11 Refer to Exh. BSG/JES-1, Workpaper JES-6, at 21. Please provide the amount of monthly write-offs for gas revenues, including any adjustments thereto, for 2005 when data is available. This is a continuing request until the record is closed in this proceeding.

Response: Please see Table DTE-9-11 below.

Table DTE-9-11

<u>Year</u>	<u>Net Write Offs</u>			
	<u>526001</u>	<u>526001</u>	<u>526001</u>	<u>Total</u>
	<u>Brockton</u>	<u>Springfield</u>	<u>Lawrence</u>	
	\$	\$	\$	\$
Jan, 2005	226,174	407,025	183,115	816,314
Feb	166,261	180,191	90,676	437,128
Mar	90,294	140,112	127,918	358,323
Apr	163,409	284,586	126,796	574,791
May	296,947	242,221	138,032	677,199
June	0	0	0	0
July	0	0	0	0
August	0	0	0	0
Sept	0	0	0	0
Oct	0	0	0	0
Nov	0	0	0	0
Dec	0	0	0	0
Total	943,085	1,254,134	666,536	2,863,755